

Message Text

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PAGE 01 STATE 278975

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TO AMEMBASSY PARIS IMMEDIATE

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TAGS: EAID, PO, US

SUBJECT: CONSULTATIONS WITH EC ON PORTUGAL

REFS: (A) PARIS 30094

(B) STATE 274569

1. U.S. ECONOMIC ASSISTANCE PROGRAM FOR PORTUGAL
ANNOUNCED DECEMBER 13 INCLUDES FOLLOWING ELEMENTS:

A. AID HOUSING INVESTMENT GUARANTY. THIS PROGRAM
WILL INVOLVE BILATERAL U.S.-PORTUGUESE AGREEMENT
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PAGE 02 STATE 278975

WHEREBY U.S. WILL GUARANTEE UP TO \$20 MILLION IN LOANS

BY U.S. BANKS AND FINANCIAL INSTITUTIONS TO A PORTUGUESE ENTITY. INTENDED EFFECT IS TO ENCOURAGE U.S. LENDERS TO MAKE AVAILABLE FUNDS FOR CONSTRUCTION OF HOUSING IN PORTUGAL. IF SUCCESSFUL, PROGRAM WOULD INCREASE SUPPLY OF SCARCE DWELLING UNITS AND HELP ALLEVIATE RISING UNEMPLOYMENT IN PORTUGAL'S DEPRESSED HOUSING INDUSTRY.

B. GRANT TECHNICAL ASSISTANCE. THE U.S. WILL PROVIDE, AT NO CHARGE TO THE GOP, U.S. GOVERNMENT EXPERTS IN THE FIELDS OF AGRICULTURE, TRANSPORTATION, PUBLIC ADMINISTRATION, EDUCATION AND HEALTH. THESE FIELDS WERE SELECTED BY THE PORTUGUESE AS PRIORITY CONCERNS. WE HAVE ALREADY PROVIDED U.S. PUBLIC HEALTH SERVICE EPIDEMIOLOGISTS TO ASSIST PORTUGUESE AUTHORITIES CONTROL IN OUTBREAK OF CHOLERA AND NEGOTIATIONS FOR TAX ADMINISTRATION

ASSISTANCE ARE IN THE FINAL STAGE.

C. EXPORT-IMPORT BANK FINANCING. PORTUGAL IS ALREADY ELIGIBLE FOR EXIM FINANCING BUT WE WILL ENCOURAGE GREATER USE OF THIS FINANCING AND EXPEDITIOUS PROCESSING OF FUTURE APPLICATIONS.

D. INCREASED PORTUGUESE STUDY IN U.S. MONIES PREVIOUSLY MADE AVAILABLE UNDER THE 1971 AZORES BASE AGREEMENT WERE RESTRICTED TO THE TRAINING OF PORTUGUESE TEACHERS IN THE U.S. WITH THE CONCURRENCE OF THE GOP, REMAINING FUNDS WILL BE USED FOR TRAINING IN ANY RELEVANT FIELD DESIRED BY THE PORTUGUESE GOVERNMENT.

E. U.S. SUPPORT. WE FULLY INTEND TO SUPPORT PORTUGAL IN MULTI-LATERAL INSTITUTIONS AND TO ENCOURAGE OTHER FRIENDLY COUNTRIES TO EXTEND ECONOMIC AID AND/OR GRANT TECHNICAL ASSISTANCE TO PORTUGAL. KISSINGER

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